PHILIP MORRIS USA *FINANCIAL MANUAL*	POLICY NUMBER: 02-300	PAGE: 1 OF 3
	ISSUE DATE: September 1, 1998	SUPERSEDES: October 15, 1992
	SUBJECT: MONETARY APPROVAL	
	APPROVALS: H. G. Steele	

PURPOSE

To define the required Philip Morris USA approvals necessary to commit or expend Company funds.

POLICY

To ensure that PM USA's best interests are protected, the Company has established a framework for approval of transactions involving the commitment and expenditures of Company funds. This framework requires Company management to approve certain transactions based on the nature of the transaction and the individual's position. The framework assumes that employees who are at or above a certain management level have the knowledge, experience, responsibility and accountability required to ensure that each commitment/expenditure is in the Company's best interest.

To achieve the goal of protecting PM USA's best interest, management must exercise sound business judgment and fiduciary responsibility when approving commitments/expenditures on the Company's behalf. When approval is given, it confirms that the Company's funds are being used prudently. Additionally, when the invoice is approved for payment, it indicates the approver has determined that:

- goods/services have been documented as received
- amounts billed are in accordance with the negotiated terms
- the invoice is mathematically accurate
- where applicable, actual hours worked and materials/equipment used have been verified and is the amount billed

SCOPE

This policy applies to all PM USA locations and supersedes all existing approval structures for the categories and approval levels contained in the Monetary Approval Matrix (Exhibit A). It includes any commitment or expenditure (Capital appropriations, job orders, purchase requisitions, invoices, rentals and leases, employee travel, consultant and professional services) not noted in the "Limitation of Scope" section.

Employees with monetary approval authority may only approve commitments and expenditures for the specific cost centers which they have assigned responsibility. However, additional cost centers may be added based on job requirements with the approvals of the responsible cost center managers as detailed in the Granting/Revoking Privileges section of this policy.

Source: https://www.industrydocuments.ucsf.edu/docs/pqwy0004

- initiating all Monetary Approval Authorization forms
- maintaining and distributing the detailed monetary approval matrices by employee
- ensuring accuracy of monetary approval matrix information

Granting/Revoking Privileges

The employee's direct supervisor, Functional Directors (if direct supervisor is below the Director level), and Finance must approve all monetary approval grants. Employees granted monetary approval authority are required to read a summary of the Company's expectations and sign the form (Appendix C) acknowledging and accepting their related fiduciary responsibilities. Employees granted monetary approval for the first time are required to attend a fiduciary responsibility training class, conducted by Finance, within six months after authority is granted. **Importantly, any employee's monetary approval privileges may be revoked if a trend of fiduciary irresponsibility is noted by the Company.**

RELATED POLICIES AND ADMINISTRATIVE APPROVALS

See Monetary Approval matrix, Exhibit A.

POLICY INTERPRETATION

If you cannot determine the level of approval required for a specific transaction or you have any other questions regarding this policy, contact the Manager, Financial Controls in Richmond or the Manager of Accounting in New York.

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Philip Morris USA
Monetary Approval Matrix
Framework for Determining MA Levels
($000)

Expenditure/Approval Level	Related Policies	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7
APPROPRIATION								
Capital Appropriation	Section 03	<$5,000	$3,000	$1,000	$250 *	$100	$25	$10
COMMITMENTS								
Purchase Requisition/Invoice Without Purchase Order/ Contracts/ Professional Services	Section 02, 04, 06-200	1,000+	1,000+	1,000	250 *	100	25	10
Consultants	04-200	500+	500	100	--	--	--	--
Advertising Agency Estimates								
1000-4000, 7000 Series		1,000+	1,000+	1,000+	250	250	250	10
5000/6000 Series		1,000+	1,000+	1,000	250	100	25	10
Rentals/Leases - Annual Amount	04-300	< 5,000	3,000	1,000	250 *	100	25	--
- Aggregate Amount	04-300	< 25,000	15,000	5,000	750 *	200	50	--
INVOICES								
Invoices for Services and Capital Projects	04-115	All	All	All	All	All	All	All
Travel Expense/Travel Advances	02-100	10+	10+	10+	10+	10	5	3
		President	Sr. VP's	VP reporting to Sr. VP	Directors reporting to VP's and GM's	Plant Mgrs. reporting to VP's Directors reporting to Directors Managers reporting to VP's, GM's or Matrix Level 4 Directors with Level 6 Manager direct report	Managers reporting to Directors or Matrix Level 5 Managers	Managers reporting to Managers

* Plant General Managers reporting to VP's have 2 times Level 4 authority for this category.

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